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TRADE HUB AND AFRICAN PARTNERS NETWORK PROGRAM FOR EXPANDING APPAREL EXPORTS, TECHNICAL ASSISTANCE PERFORMED, MARCH 2015

Contract No.: AID-624-C-13-00002-00

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ACRONYMS

AfDB	African Development Bank
AGAM	Association of Ghana Apparel Manufacturers
AGOA	African Growth and Opportunity Act
ANC	African New Confection
AVCS	Apparel Value Chain Specialist
AVCA	Apparel Value Chain Advisor
COP	Chief of Party
COTVET	Council for Technical and Vocational Education & Training
EDAIF	Export Trade, Agricultural & Industrial Development Fund
GEPA	Ghana Export Promotion Authority
GFZB	Ghana Free Zone Board
GM	General Manager
ITC	International Trade Center
MiA	Made in Africa
MOTI	Ministry of Trade and Industry
STTA	Short-Term Technical Assistance
THN	Trade Hub Network
USAID	United States Agency for International Development
WRAP	World Responsible Apparel Production
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The apparel industry, which is a major employment creator – particularly for women – has finally received the attention it deserves from the Government of Ghana and its key institutions such as the Ministry of Trade and Industry (MOTI) and its agencies. Both MOTI and the CEO and Director of Operations of the Export Trade, Agricultural & Industry Development Fund (EDAIF) visited DTRT Apparel, one of the lead firms working with Trade Hub. EDAIF's visit will influence the decision to present DTRT's grant application to the EDAIF Board in April.

During the last quarter of 2014, the Trade Hub and its apparel team pushed for MOTI to include the apparel industry in its 2015-2017 National Export Strategy. In support of this goal, the Trade Hub published a report outlining the actions MOTI should take to revive the apparel industry. The Trade Hub also held a stakeholders meeting and created a detailed work plan to help the industry increase its export efforts. With many new people at the various MOTI agencies, a lack of knowledge of the apparel value chain was evident. Discussions arose around holding a textile and apparel value chain capacity building workshop in the near future. MOTI transferred responsibility of implementing the work plan to the Ghana Export Promotion Authority (GEPA), and the AVCA and AVCS advised them on timeline priorities and budgets in this trip. This was followed up with another meeting with MOTI.

Representatives of Made in Africa (MiA) were in Ghana to assess apparel factories and link them to markets in the US. They were pleased with their factory visits and the company backgrounds provided by the Trade Hub. Following factory assessments and completion of company profiles, Made in Africa select two or three companies and link them with buyers in the U.S. This will be highlighted at their Brand Africa Manufacturing Summit in New York at the end of April.

I. REPORT OF ACTIVITIES

I.1 KEY ISSUES ADDRESSED

The following is an outline of the main activities performed during the AVCA's STTA trip:

- The Trade Hub's apparel team spent considerable time with the Ghana Export Promotion Agency (GEPA) working on MOTI's Apparel Export Strategy's 26 point work plan. The work plan included timelines, budgets, and instructions on how to collect and collate the information they would be working on as implementers of the work plan. The Trade Hub provided useful information related to calculating the energy and water requirements of the factories in Tema and Accra Free Zone Enclave, operational factories, the cost of generators, factory repairs and upgrades. The Trade Hub also provided guidance regarding attending trade shows such as MAGIC in the USA, and earmarking additional factory space to allow lead firms to expand.
- Finalized and ensured that the planned factory visit schedule for Made in Africa (MiA) was on track.
- Accompanied MiA/Piece & Co. team (Keren Long and Paloma Pineda) on eight factory visits, meetings and plant inspections. The visits and inspections helped the team understand factory lay outs, types of machinery and apparel produced, levels of social compliance and standards (for example Fair Trade), broken needle policy, minimum vs. living wage issues, and more. On the second day, the team visited and met with officials of three other factories. The aim of the MiA visit was to determine which factories they could work with for mass production orders and could be made Fair Trade compliant. Piece and Co. were evaluating smaller scale manufacturers, in particular for fashion accessories such as bags. Not all the companies visited were targeted as potential vendors for MiA/Piece and Co. The team also visited them, however, because word had spread through the industry of the presence of buyers, and the team believed every company should be given the chance to showcase their capabilities, regardless of whether they were suitable candidates in this case or not. The apparel team also used this opportunity to update its manufacturing database.
- Held a follow up meeting with the MOTI to finalize the Apparel Export Strategy work plan and follow up on efforts to identify additional factory space for DTRT and Lucky 1888. Notices have apparently been served for machinery warehouses – companies occupying factory shells but not operating – to vacate the premises. MOTI was informed about a company that had split a school-wear order between their factories in Accra and Tema, despite the incapacity of the Accra-based factory to accommodate the order.
- The initial meeting with EDAIF did not provide any further information on DTRT's soft loan for equipment and grant application for additional training needs, as the contact has been transferred to the Fund's Corporate Planning since our last meetings in late 2014 and thus is no longer involved in the day-to-day activities and applications for loans/grants. A subsequent meeting with the Director of Operations at EDAIF provided the apparel team with the necessary updates. The Director also informed the apparel team of the function and process of their system for loan/grant applications.
- The apparel team worked through the Ivory Coast Chamber of Commerce's Cotton, Textile and Apparel industry strategic objectives (Improve profitability, productivity and quality in the

cotton sector).

- The AVCA provided inputs on the Success Story “After Trade Hub help Ghana apparel factory secures 1,000 jobs, plans expansion.”
- DTRT Apparel will be able to make some of their B grade fabrics available for ANC in Benin to use while training their workers.
- The AVCA had a brief meeting with USAID Senior International Trade Advisor regarding the status of the AGOA extension.
- The AVCA and AVCS debriefed the THN COP on their progress during the last two weeks.

I.2 OUTCOMES

- The employee at GEPA in charge of implementing the Apparel Export Strategy work plan sent plan to the apparel team, though the forwarded document did not accurately reflect the apparel team’s inputs. The apparel team forwarded the document to MOTI’s Technical Export Advisor, along with our comment that it did not reflect the apparel team’s inputs.
- MiA/Piece and Co identified companies they could work with for Fair Trade mass production purposes (approximately 30,000 units per month to start with) as well as a company that will be able to produce smaller volume fashion items for Piece & Co. An order for 2,000 items across 10 to 12 styles was placed between Della and KAD manufacturing. MIA will provide the apparel team with their company profiles, impressions and action plans.
- Two of the companies visited have no knowledge of the paperwork requirements for exporting under the African Growth and Opportunity Act. Until now, they have been supplying the local market and an order for security wear from Nigeria. Abou Fall has been informed and will hold a workshop at THN offices on one of his next visits and will include the AGOA Trade Resource Center employee from the Ghana Chamber of Commerce and Industry.
- The unintended consequence of requesting companies to vacate their factory shells if not productive has led one company to split existing local market orders between two factory shells in order to remain at both premises.
- The DTRT Apparel training grant application at EDAIF will be presented at the next EDAIF Board meeting during the third week in April. The original soft loan application is being retracted to enable DTRT Apparel to reduce the loan amount. In the meantime, the AfDB has granted DTRT a loan facility. The revised soft loan application for equipment for DTRT Apparel will be submitted in June.
- In updating and finalizing the company profiles, one company’s machinery park was halved as the apparel team was informed that nearly 200 sewing machines were stolen from their factory premises (not insured).
- The apparel team’s initial reaction to Cote d’Ivoire’s Cotton, Textile and Apparel strategic objectives was to label it as a “wish list” rather than pragmatic implementable strategy.
- The General Manager of ANC in Benin will visit Ghana within a week to evaluate the fabrics available at DTRT Apparel. He will then also be introduced to Paloma Pineda of MiA as a potential source for mass production of trousers and shirts. A visit to their factory in Benin is being arranged.

The AGOA extension is to be presented in U.S. Congress in September and is bundled with a host of other trade agreements. A late extension of AGOA will likely result in job loss, as many orders are placed six months in advance, and U.S. importers will hesitate to place orders with African companies with the possibility of having to pay duties when the shipments arrive.

2. ANALYSIS AND RECOMMENDATIONS

2.1 GHANA

- The AVCS will need to inform AGAM members that buyers already have an idea of who they want to see, and do not need to visit all factories. It is not the THN apparel team's responsibility to ensure buyers visit every factory. Some companies are not suited for buyers' needs and buyers should plan to maximize their time by meeting with companies who can meet their requirements.
- The companies who are yet to send their company profiles (Nallem Clothing and Global Garments) need to be informed that the apparel team cannot market their companies to prospective buyers if a company profile has not been provided.
- The THN apparel team's continued pressure on MOTI to make additional factory space available for the lead firms appears to be yielding results; a number of non-operational companies have been served notice to vacate their factory shells. MOTI also pressured the Ghana Free Zone Board (GFZB) to become proactive regarding the Free Zone factory buildings.
- MOTI's technical export advisor is aware that the person at the Ghana Export Promotion Authority (GEPA) tasked with implementing the Apparel Export Strategy work plan has a strong background in the Arts and Crafts sector, and is working to catch up on Apparel. It is in this vein that the AVCA suggested it may be worthwhile to hold a value chain capacity building¹ workshop for the key staff members of the various Government agencies related to apparel. The suggestion was welcomed by MOTI, EDAIF and GEPA.

2.2 COTE D'IVOIRE

- Cote d'Ivoire's Chamber of Commerce sent their Cotton, Textile and Apparel industry strategic objectives pertaining mostly to the cotton industry (farming and ginning), with a priority rating for each operational objective, the beneficiaries thereof, targets, principle partners, existing programs and estimated costs. They are aiming to restructure the entire textile and apparel industry. They will start with diagnostic studies, with the goal of processing 25% (40,000 MT) of their cotton lint production, which totaled 160,000 MT for the 2013/14 season, and set up Free Trade Zones and investment promotion campaigns. The AVCA and AVCS still have to address their request for inputs on the strategic objectives for their industry

¹ This would include the various processes that take fibre to end products (ginning, spinning, weaving, knitting, dyeing/finishing) that are the raw materials for the apparel industry and then also explain the key processes of a garment factory and the international apparel environment. GEPA is not the only authority that does not know how the industry functions; EDAIF staff also struggled with industry terminology.

2.3 BENIN

- The general manager of ANC in Benin was informed of the availability of B grade apparel fabrics at DTRT Apparel and will be traveling to Ghana within the next two weeks to evaluate. The AVCS will also seize the opportunity to introduce ANC to the MiA representative who will be in Ghana for the next three to four weeks. The AVCS will accompany the MiA representative on a factory visit.

3. FOLLOW UP

3.1 UPCOMING ACTIVITIES

- Continued engagement with MOTI and its agencies (GEPA, EDAIF) to ensure the implementation of the Apparel Export Strategy work plan on a prioritized basis and provide technical assistance where needed.
- Engage MOTI and other stakeholders for a cotton, textile and apparel value chain capacity building workshop that will provide the key decision makers with a better understanding of the industry, how it operates, processes, terminology and what buyers and investors look for.
- Continue working with MiA on the profiles of the selected apparel companies and provide required assistance before and after its Brands/Africa Manufacturing Summit in New York at the end of April.
- The AVCS will accompany the MiA representative on their trip to Benin to inspect ANC's manufacturing facilities.
- Continue working to ensure Cote d'Ivoire's industry strategic objectives progress from a "wish list" to implementable apparel export strategies.
- Determine when Abou Fall will be in Ghana next and then coordinate with the companies identified (Rim Artex and Precious Textiles) for an AGOA mini-workshop (paperwork requirement, etc).
- The AVCS will follow up with DTRT and EDAIF on the grant request (to be tabled to EDAIF Board late April).
- The AVCS will inform AGAM members at their next meeting that some buyers do not want to visit every factory, and the visits should instead be based on buyers' needs.
- The AVCS will follow up with the two companies whose profiles are still outstanding (Global Garments and Nallem Clothing) and amend the Maa Grace company profile (fewer machines).

ANNEX A: CONTACTS OF FACTORIES VISITED AND MEETINGS

Company	Person	Telephone Number	Email
Precious Textiles	Kumara Fernando	(233) 540-620-299	kumarfernando@gmail.com
KAD Manufacturing	Linda Ampah	(233) 277-885-566	cadlingfashions@yahoo.com
Nallem	Gregory Kanko	(233) 243 - 679-424	greg@nallemclothing.com
ITC	Abrima Erwiah		abrima207@gmail.com
DTRT	Hanna Amichia Stiles	(233) 501-335-861	hanna@dtrtapparel.com
Rim Artex	Karim Issaka	(233) 244-360-440	rimartex@yahoo.com
Sleek Garments	Nora Bannerman-Abbott	(233)302 670566	norabman@gmail.com ; norabannerman@norabannerman.com
Lemdor	Prosper Adamaley	(233) 208-170-930	lemghana@gmail.com
Global Garments	Philomena Appiah	(233) 240-901-941	afibaglobal@yahoo.com
Maa Grace	Comfort Agyemang	(233) 244-272-926	maagracegarment@yahoo.com
EDAIF	Frank Obeng (Snr. Mgr, Corporate Planning)	(233) 244-945737	fkobeng@edaifgh.org
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